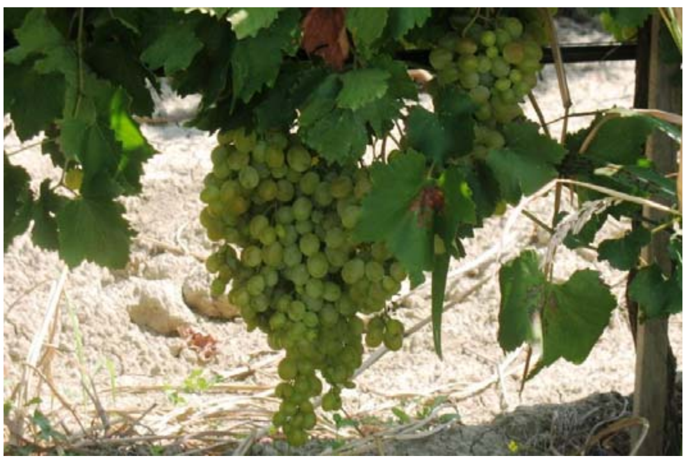
USAID | MACEDONIA
FROM THE AMERICAN PEOPLE

AgBiz Program

August 2008

Profile of the Macedonian Table Grapes Value Chain



Disclaimer

This Profile was produced for review by the United States Agency for International Development. It was prepared by Macedonian Consulting Group for the USAID's AgBiz Program.

The author's views neither expressed in this Profile do nor necessarily reflect the views of the Unites States Agency for International Development or the United States Government.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF PICTURES

LIST OF ANNEXES

Profile of the Macedonian Table Grapes Industry

1. INTRODUCTION

The activity titled "Profile of the Macedonian Table Grapes Industry" was conducted on behalf of AgBiz program. AgBiz program is funded by USAID and implemented by ARD, Inc. The goal of the four-year AgBiz program is to increase economic growth in Macedonia through expanded, environmentally sustainable production and sales of value-added agricultural products by enabling producers and processors to compete regionally and globally. This will produce greater incomes for agricultural processors and producers, and ultimately higher revenues for government.

AgBiz has the primary objective of stimulating the sustainable growth of Macedonian Agribusinesses participating in value chains with good potential in export markets. Another AgBiz objective is to provide support for improved competitiveness and sustainable development of selected value chains through activities that are based on accurate information about these value chains.

2. OBJECTIVES AND SCOPE

The table grape industry plays a very important role in Macedonian agribusiness since a large proportion of the output is said to be sold on export markets. Detailed information on the quantities and type of export markets in not available or very sketchy. The value chain needs a survey that provides in-depth information related to its present product and sales performance. This survey could then be utilized as input for developing future plans for individual companies or the value chain as a whole.

This survey will utilize a recognized approach to profiling value chains in the country. A questionnaire will be developed and applied that will allow the survey to achieve the overall objectives of:

- Research and analyze the production figures and export performance of the table grape value chain;
- Research and analyze historical export volumes and values and the primary destination markets to establish export trends;
- Gather and analyze relevant export statistical data;
- Conduct a survey of value chain participants;
- Collate and analyze all data;
- Prepare a comprehensive data base on table grape producers, traders, and packers in RM;
- Profile the important types of participants in the value chain and their numbers and comparative importance;
- Use the participant interviews to a) identify and profile the competition in the regional and EU markets, and to compare the advantages and disadvantages of Macedonian table grapes in current significant export markets b) identify of key opportunities and threats to the strong and sustainable growth of Macedonian table grape exports; and c) identify projects and activities that AgBiz could design and implement that would help value chain participants capitalize on high priority opportunities and avoid key threats;

- Compile and analyze information related to the number of full-time employees and seasonal labor engaged by the industry;
- Analyze all findings and develop conclusions into a comprehensive report; and
- Prepare a workshop on findings and make the findings available to interested parties

3. WORKING METHODOLOGY

The project was carried out during June - August 2008 and was consisted of the following phases:

I Preparatory work
Develop an updated data base of table grape producers, traders and packers

II Desk research
Information collection (directories, databases, statistics)

III Export Data collection and analysis
Acquire historical export data, including for 2007, and analyze by tariff numbers

IV Questionnaire development, testing of questionnaire and final report outline approval

V Field Research
Contract, visit and interview key companies

VI Collating and analysis
Data entry and analysis

VII Oral presentation of the report

VIII Final report writing, review and submission

IX Workshop including key value chain participants

4. RESULTS ON FINDINGS

4.1 Description of current situation with vineyards

Viticulture is one of the most important sectors of Macedonian agriculture with wine being a significant export commodity. The combined grape and wine production contributes around 17-20 percent to the agricultural Gross Domestic Product. Wine holds the first position in the export of beverages, and is the second most important product after tobacco in terms of export value among agricultural products.

In 2007, according to Agricultural census conducted by the State Statistical Office (SSO), vineyards bearing grapes are represented on 24,584 ha. When compared to the previous year, there is a slight increase of 318 ha, but is 460 ha less when compared to total area under vineyards in 2005. More details related to the total areas under vineyards for the period 2003-2007 is presented in the following table:

Table 1: Total area under vineyards in Macedonia 2003 – 2007

Year	Vineyards in ha	Increase in % (compared to the previous year)
2003	25,692	-
2004	24,777	-3.6
2005	25,044	+ 1.1
2006	24,266	- 3.1
2007	24,584	+ 1.3

Source: SSO, Agricultural census 2007

Companies and other forms of legal entities involved in the wine sector have direct ownership of 30% of the total area under vine, the remaining being held by individual agricultural households.

Table 2: Ownership of the vineyards 2005-2007

Year	Total area In ha	Agricultural Enterprises in ha	Agricultural Enterprises in %	Individual households In ha	Individual households In %
2005	25,044	7,453	29.8 %	17,591	70.2 %
2006	24,266	7,521	30.1 %	16,745	69.9 %
2007	24,584	7,424	30.2 %	17,160	69.8 %

Source: SSO, Agricultural census 2007

Although the table from above clearly indicates the high portion of individual households in the total area under vineyards, the situation is very much different when table grapes and wine grapes vineyards are separately analyzed. In 2007, wine grapes vineyards reached 21,412 ha or 87.1 % from the total, while table grapes vineyards were represented with 3,172 ha or 12.9 % from the total. Out of the total table grapes vineyards, 1,726 ha or 54.4 % were in a possession of agricultural enterprises, while the rest of 1,446 ha or 45.6 % were owned by individual households, which indicates higher concentration and size of table grapes vineyards in the country, due to the fact that 56 enterprises and 49,308 individual households reported vineyards in 2007. More details are provided in the following table.

Table 3: Table grapes and wine grapes vineyards in 2007

Category	Total area under vineyards in ha	In %	Wine grapes vineyards in ha	In %	Table grapes vineyards in ha	In %
Individual sector	17,160	69.8 %	15,714	73.4 %	1,446	45.6 %
Agricultural enterprises	7,424	30.2 %	5,698	26.6 %	1,726	54.4 %
Total:	24,584	100 %	21,412	100 %	3,172	100 %

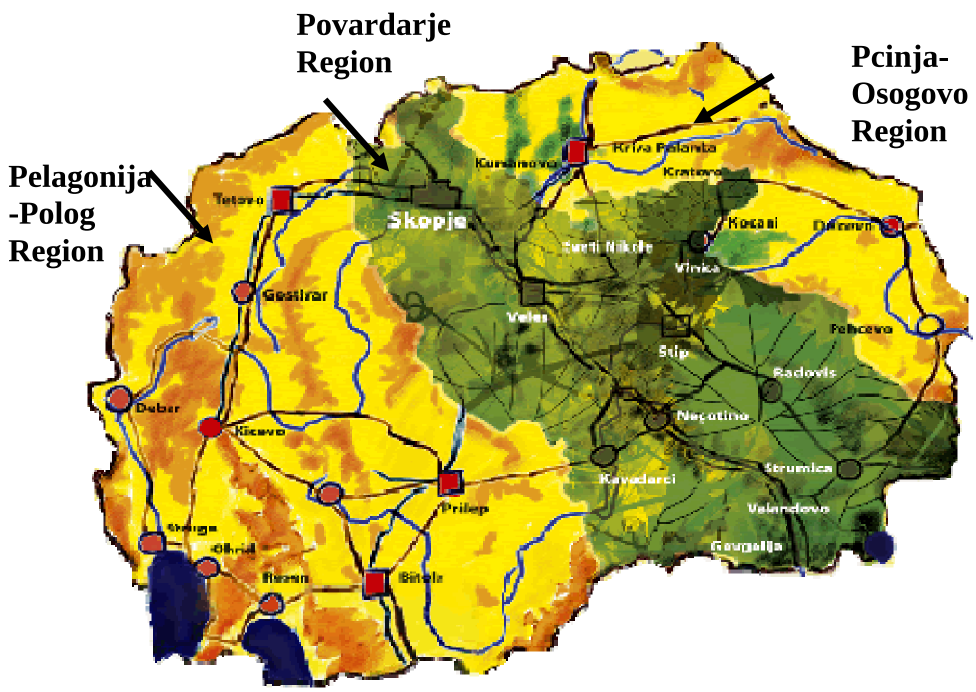
Source: Agricultural census 2007

4.2 Geographical distribution of the vineyards

There are three vine-growing regions in Macedonia. The main region (the **central region**) which encompasses 83 percent of the production is the Vardar region (Povardarie), followed by the Pelagonija-Polog region (the **western region** covering 13 percent of the production) and the Pcinja-Osogovo region (the **eastern region** covering about 4 percent)[1].

These three regions are divided into **16 wine growing sub-regions** (or vinogorje). Production in the different vine-growing regions and sub-regions is largely unbalanced. The Tikves sub-region is the main production area of grapes and wine, followed by Gevgelija-Valandovo, Skopje, Veles and Strumica-Radovis sub-regions.

Picture 1: Geographical spread of the vineyards in Macedonia

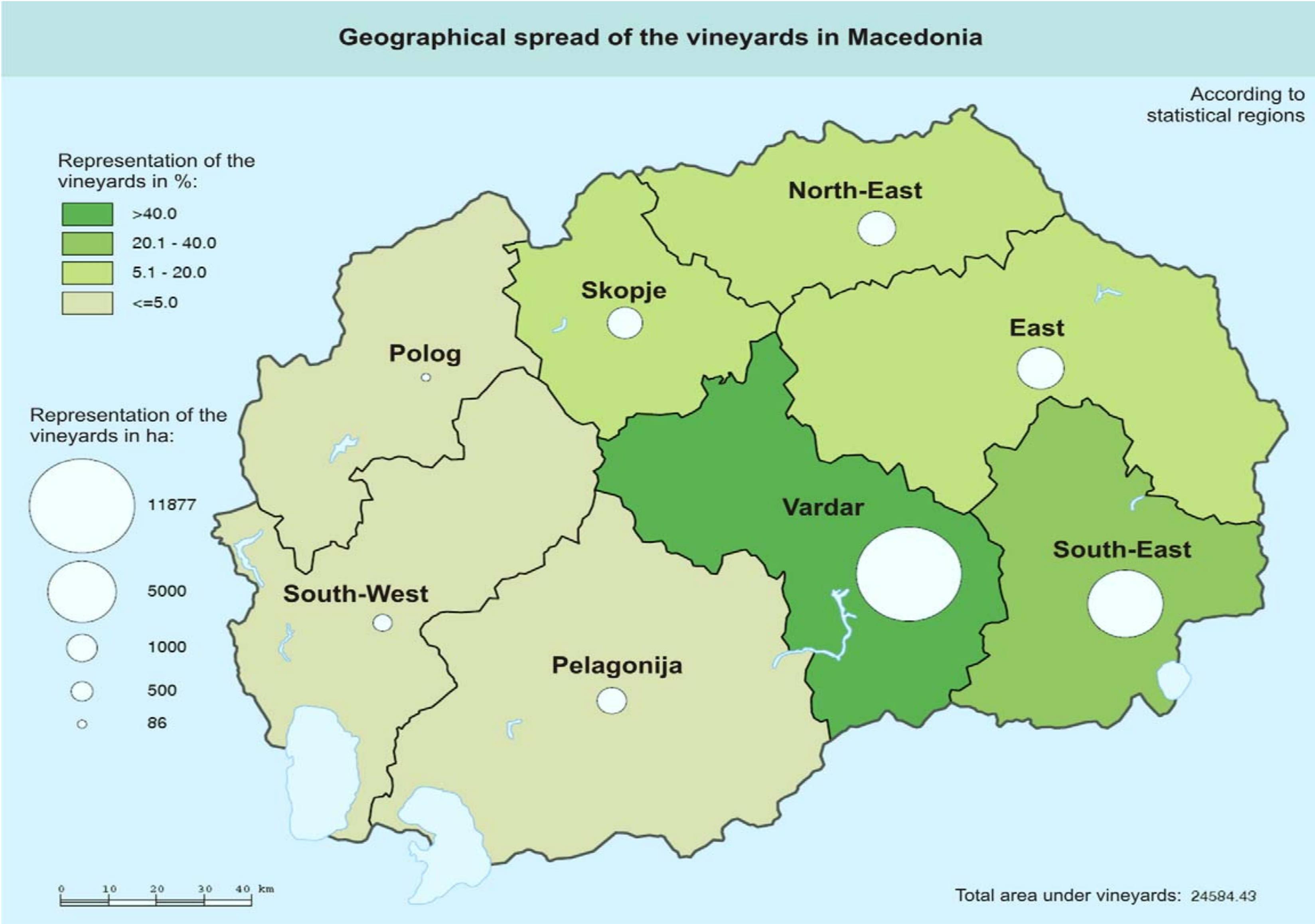


---

[1] Annual agricultural report 2006

The agricultural census, conducted in 2007, presents the distribution of the vineyards according to the statistical regions and gives more accurate details related to the size of the vineyards in different regions. According to this source, the Vardar region accounts for 48.3 % of all vineyards in the country or 11,877 ha, followed by South-East region with 20.3 % or 5,000 ha. The rest of 31.4 % or 7,707 ha are located in the other 6 statistical regions, as presented in the following picture:

Picture 2: Distribution of the vineyards according to statistical regions



Source: Agricultural census 2007

4.3 Status of Macedonian Vineyards

Generally vineyards have suffered from longstanding under-investment in Macedonia. Until 1980, the financial situation of the Agro-Kombinats was more or less positive and there were regular investments for the uprooting of old plantations and vineyards renewal. The same happened in private vineyards as their grape production was sold to the public wine enterprises. The period from 1980 till 1990 was slightly critical from a financial point of view, but it was after the declaration of independence, and it was a period when the level of investment dropped dramatically.

In the last decade several companies and private entrepreneurs operating in agriculture but also in other economic sectors started investing in vineyards and wine production. That's why in some of the most suitable vineyard areas, particularly in the favorable soils and climatic conditions of Tikves and Gevgelija-Valandovo Vinogorje, vineyards have been significantly renewed. In these areas, grape production is now expanding also in the smallholder sector.

According to the available data, majority of the vineyards (about 61 %) are more than 15 years old. Among these, around 10 thousand ha (or 38 %) are at the end of their productive life and need to be urgently uprooted and replanted in order to obtain good quantitative and qualitative production.

Table 4: Age composition of the vineyards in Macedonia

Age range	% of total area
< 5	8 %
5-10	14 %
10-15	17 %
15-20	23 %
20-25	18 %
> 25	20%

Source: Faculty of Agriculture Food and Science – VMMS Report October 2006)

4.4 Governmental support

Understanding the overall negative trends within the agricultural sector, increase of the trading deficit, etc., the Government of the R. Macedonia (after the elections held in 2006) decided to significantly increase the budget for direct support of the Macedonian agribusiness. In the grape production sub sector, the objectives of the supporting activities were to stop the decline of the areas under vineyards, to stimulate development of new plantations and thus to change the negative age structure of the vineyards, and to subsidize farmers that would deliver the wine grapes to the wineries. Also, in order to break up the monopolistic position of the domestic wineries, the Government allowed free exports of wine grapes to export markets. According to the annual budgets for support of the agriculture (prepared by the Ministry of Agriculture, Forestry and Water Economy – MAFWE) the level of subsidies for raising of new vineyards increased from 45,000 MKD/ha or 1,125 $ US[2] in 2006 to 120,000 MKD/ha or 3,000 $ US in 2008. According to the plans of MAFWE this amount should increase to 135,000 MKD/ha or 3,375 $ US in 2009 and should additionally encourage individuals and/or enterprises to invest in new vineyards (according to the calculations of MAFWE one ha of new vineyards costs approximately 10,800 $ US) . Exports of table grapes, wine grapes, wine or any other

[2] 1 $ US = 40 MKD

agricultural product are not financially supported. Apart from the above mentioned, it should be stated that wine and grapes sub sector is among 4 selected sub sectors eligible for IPARD support, which should additionally improve the performances and competitiveness of the same. Also, it should be mentioned that there is an on-going Vineyard Monitoring and Management System (VMMS), funded by the European Union via the European Agency for Reconstruction (EAR) which, once completed, should provide more detailed picture about the sub sector. Yet, the cadastre will encompass only wine grape production and wine grape vineyards. The cadastre is expected to be finalized during the first half of 2009.

4.5 Grape production in Macedonia

The territory of Macedonia should be included in the C III b wine-growing zone (*see annex III of EC Reg. 1493/99*) and is characterized by a medium/low level of rainfall (400-600 mm/ year) tending to be rather on the lower side. Average yields are around 10 tons per ha. The overall production of grapes in 2007 reached 209,701 tons or 17.5 % less in comparison to 2006. More details related to the overall production of grapes in Macedonia for the period 2003-2007 is provided in the following table:

Table 5: Production of grapes 2003-2007

Year	Area under vineyards in ha	Total production in tons	Average yield ton/ha
2003	25,692	243,821	9.49
2004	24,777	254,613	10.28
2005	25,044	265,717	10.61
2006	24,266	254,308	10.48
2007	24,584	209,701	8.53

Source: SSO, Annual Agricultural Report

According to the experts, decrease in production volume and average yield in 2007 was due to unfavorable climatic conditions (very dry season) and age structure of the vineyards. It is expected situation to improve in the future period.

Production of grapes by the agricultural enterprises contributes with 22.1% in the total production of grapes in the country in 2007, which is an increase of + 1.1 % in comparison to 2006. Consequently, the production by the individual households shows small decrease in 2007 compared to 2006, as presented in the following table:

Table 6: Grape production by production groups 2006-2007

Year	Total production in tons	Production by Agricultural enterprises in tons	As % from total	Production by agricultural households in tons	As % from total
2006	254,308	53,393	21.0 %	200,915	79.0 %
2007	209,701	46,400	22.1 %	163,301	77.9 %

Source: SSO

It is very difficult to estimate what percentage (quantity) from the total grape production in the country is table grape production versus wine grape production, since there is no relevant source that gathers and analyzes such data (there is no traceability system in place that would identify and report different quantities of table and wine grapes).

However, through discussion with the State Statistical Office, the Faculty of agriculture and Food sciences as well as estimates made by other experts (VMMS Report), it has been estimated that around 30% of total production or 62,910 tons are fresh grapes sold as such or which are not crushed by recognized wineries. Out of this quantity 12,630 tons were exported as fresh table grapes in 2007. The remaining portion or 50,280 tons is home consumption, consisted of fresh table grapes consumption[3] and individual processing by private non-professionals for auto-production and home consumption of wines or rakija. One again, this is only a best estimate about the situation with table grapes in the country and could not be statistically confirmed.

4.6 Table grape value chain stakeholders

4.6.1 Individual agricultural households

According to the agricultural census from 2007, 49,308 individual households reported vineyards with total area of 17,160 ha. Table grapes vineyards accounted for 1,446 ha, the rest being wine grapes vineyards, as presented below:

Table 7: Individual households' vineyards in 2007

Total vineyards in ha	No. of households	Average size in ha	Table grape vineyards in ha	As % from total	Wine grape vineyards in ha	As % from total
17,160	49,308	0.35	1,446	8.43	15,714	91.57

Source: Agricultural census 2007, own research 2008

Homogeneity of varieties on these plots is not the rule (one to three grape varieties according to the size). Average yield of grapes per ha in 2007 was 9.52 t/ha. It is estimated that at least one third of the producers produce only for family consumption

[3] According to unofficial sources, the annual consumption of fresh table grapes is around 5kg. per capita or 10,113 tons.

or sell fresh grapes that are converted into wine "at home" by individual local purchasers. Apart from this, table grapes produced by individual households are usually sold to traders for further distribution on the local market or for exports, or are distributed directly by the producers through green markets. Direct contracts between individual producers and retailers in the country are not recognized, mainly due to the small quantities produced by the individual producers.

Grape producers associations in the country are underdeveloped. The “Makedonska Loza National Alliance of Vine-Growers and Wineries” is attempting to organize a large number of vine-growers’ associations and wineries with the aim of protecting their interests and developing revenues to the sector. Their objective is to improve the quality of the domestic products and to promote sales of products on foreign markets. Moreover, it should represent the interests of the members in front of the Government, the Ministry of Agriculture and other institutions. So far, this association has been able to gather between 3 and 5 thousand members but has shown poor result in conducting its missions.

Table 8: Associations involved in grape production

Association/Institution/ Organisation	Contact Name	Contact Details
National Alliance of grape growers and wine producers	Mr. Naumcev Savo	Str. Pitu Guli No. 4, 1430 Kavadarci Ph: +389 (0) 70 34 32 09; +389 (0) 43 41 31 71
Grape growers Farm Ass. BUTGUNDEC Bitola	Mr. Grozdanov Iljo	Str. Stipska No.12, 7000 Bitola Ph: +389 (0) 47 22 42 27
Grape growers Farm Ass JUZNA LOZA Gevgelija	Mr. Kostadinov Mladen	Str. 7 noemvri No. 79a, 1480 Gevgelija Ph: +389 (0) 34 21 65 50; +389 (0) 70 32 72 35 Ph: +389 (0) 70 57 17 54; +389 (0) 34 23 30 52
Grape growers Farm KAVADARCI	Mr. Filipovic Novica Mr. Dimov Simeon	s. Marena, 1430 Kavadarci Ph: +389 (0) 43 44 41 69; +389 (0) 70 89 09 79
Grape growers Ass. LOZAR - Kavadarci	Mr. Miskovski Blagoja	Str. Siska, 1430 Kavadarci Ph: +389 (0) 43 41 35 87; +389 (0) 70 42 87 74
Grape grower Farm Ass. STRUMICKA LOZA Strumica	Mr. Tanev Mitko	Str. Iljo Sopov No. 100, s.Piperevo, 2400 Strumica Ph: +389 (0) 34 31 17 22; +389 (0) 34 36 44 23 Ph: +389 (0) 34 33 17 22
Grape growers Farm Ass VALANDOVSKI DRENOK-Valandovo	Mr. Stojanov Branko	Str. Marsal Tito bb, 2460 Valandovo Ph: +389 (0) 34 38 25 77; +389 (0) 70 50 77 15 e-mail: njpopov@yahoo.com
Grape growers Farm Ass VITIS- Negotino	Mr. Ristovski Aleksandar	Str. Petar Demirski, 1440 Negotino Ph: +389 (0) 43 36 50 71; +389 (0) 70 33 81 95; e-mail: alek_ristovski@int.net.mk
Grape growers Farm Ass. SV. NIKOLE - Sv.Nikole	Mr. Trajcev Dusan	Str. Marsal Tito No. 13, Sv. Nikole Ph: +389 (0) 32 44 17 54

Separate table grape producers’ associations do not exist in the country.

4.6.2 Agricultural enterprises

According to the agricultural census from 2007, 56 agricultural enterprises reported vineyards with total area of 7,424 ha. Table grapes vineyards accounted for 1,726 ha, the rest being wine grapes vineyards, as presented below:

Table 9: Agriculture enterprises' vineyards in 2007

Total vineyards in ha	No. of enterprises	Average size in ha	Wine grape vineyards in ha	As % from total	Table grape vineyards in ha	As % from total
7,424	56	132.6	5,698	76.75	1,726	23.25

Source: Agricultural census 2007, own research 2008

The survey encompassed 14 major agricultural enterprises involved in table grapes production (see annex 1), out of which 6 are only producers of the table grapes, another 5 are producers as well as packers/exporters while the remaining 3 are producers and exporters that also have cooling facilities (Venec, GD Tikves and Vizba Valandovo). In total these 14 companies operate with 8,647 ha out of which 2,105 ha or 24.3 % are under wine grapes. Another 1,264 ha or 14.6 % are table grape vineyards, which means that the total area under table grapes vineyards reported by these 14 companies represents 73.2 % from the overall table grape vineyards managed by agricultural enterprises in 2007, as presented in the following table:

Table 10: Table grape vineyards by agricultural enterprises in 2007

Company name	Total cultivated area in ha	Wine grapes vineyards in ha	Table grapes vineyards in ha
Vardar Gradsko	3,800	200	100
GD Tikves	1,046	557	250
Vizba Valandovo	980	542	402
Agrolozar Strumica	900	300	80
Venec	700	220	130
Agro Tikves	505	70	50
Agro Old Bi	160	42	23
Emenita Trejd	132	101	31
Legra Agro	132	0	58
Alijansa	120	30	19
Suklev company	113	1.5	111.5
Balkan timjanik	52	40	5
Turan	4	0	4
Panek	3	2.5	0.5
Subtotal:	*8,647*	*2,106*	*1,264*
Other companies	n.a	3,592	462
Total	**n.a**	**5,698**	**1,726**

Source: own research 2008

The table from above indicates that agricultural enterprises have diversified agricultural production, and only two of the interviewed companies are specialized in production of table grapes only. In most of the cases the companies are also involved in production of other fruits (sour cherry plantations etc.), vegetables and cereals (especially wheat if the land is not irrigated).

According to the estimations, the production of table grapes by agricultural enterprises in 2007 reached the volume of 10.1 thousand tons. White grape varieties were more represented (62 % or 6.3 thousand tons) than red grapes varieties (38 % or 3.8 thousand tons).

More details related to the quantity and table grape varieties produced in 2007 by the interviewed companies are presented below:

Table 11: Table grapes production by selected enterprises in 2007

White varieties	Quantity in tons	In %
Afus ali	3,131	42.45
Victoria	147	1.99
Muscat Italia	909	12.33
Michel Pallieri	320	4.34
White winter	63	0.85
Nastrashinska	7	0.08
Subtotal:	4,577	62.07
Red varieties	**Quantity in tons**	**In %**
Muscat Hamburg	85	1.15
Cardinal	1,016	13.78
Ribier	1,524	20.67
Moldavia	172	2.37
Subtotal:	2,797	37.93
Grand total	7,374	100

Source: Own research 2008

Agricultural enterprises involved in grape production expect around 20-30 % increase in yields in 2008, taking into consideration that 2007 was not favorable for grape production.

Agricultural enterprises that produce table grapes use different distribution and sales strategies for sales of their production. Their annual production is mainly for exports, although a small portion is intended for local distribution and sales. According to the research, out of the overall production of table grapes in the country by the enterprises, only 17.5 % were sold locally, while the remaining 82.5 % were exported in 2007. Agricultural enterprises cooperate with traders to a large extent. Even when the production is sold locally, less than half of the producers (37.5 %) are selling the produce directly, while the majority (62.5 %) of the producers relies on trading companies that are in charge for the sales of the grapes. On the export side, only 3 companies reported to sell the grapes directly (or 25 %) while the majority of the enterprises are exporting their produce via traders/exporters.

Most of the producers do not use the available cold stores in the country for maintenance of their production for a longer time period. In general, the production after being harvested is packed in wooden crates and directly shipped to export markets or distributed locally. Low export prices (due to the varieties, packaging and selling season) and costs for using the cold store facilities do not allow the producers to develop an alternative export opportunities.

According to the producers, the main reasons that impede the further development of the table grape industry are:

- Poor agricultural practices, application of new production technologies (10 answers)
- Post harvest handling (9 answers)
- Lack of working capital and cooperation with the banks (9 answers)
- Lack of markets (4 answers)
- Qualified labor (3 answers)
- Lack of quantities (2 answers)

According to the research, the number of full time employees (FTE) employed by the agricultural enterprises in table grapes operations for 2007 is 188[4]. In regards to additional seasonal labor, it should be stated that seasonal employees are hired over a three month period (August – October) particularly for harvesting and packing operations. More details are presented in the following table:

Table 12: Full time and seasonal labor engaged by the enterprises in 2007

Type	Number of employees
Full time	188
Seasonal labor	1052
Seasonal labor equivalent to FTE[5]	299
Total FTE:	487

Source: Own research 2008

According to the calculation from above, there is one FTE on 3.54 ha in the agricultural enterprises, or 0.28 persons are needed for one ha of table grape vineyards.

In regards to adoption of food safety and quality systems, the existing situation amongst the interviewed table grapes enterprises is the following:

Table 13: Implemented food related standards by interviewed table grape enterprises

Global Gap		HACCP		ISO 22 000	
Implemented	Certified	Implemented	Certified	Implemented	Certified
7	3	2	1	0	0

Source: Own research 2008

[4] Interpolated figure based on the responses by the interviewed companies
[5] 1052*25 working days per month /22 * 0.25 = 299

4.6.3 Packers/exporters

This group of companies mainly consists of traders that are responsible for major exports of the Macedonian table grapes. Yet, very few of them are specialized in packing and exporting of table grapes only. Predominantly, they are companies that are involved in export of various agricultural products and hence, table grapes segment represents only 10-20 % of their overall business in terms of volume and value.

The exporters mainly cooperate with individual sector (but also with enterprises) and organize buy out and packing of the collected table grapes. Then the produce is either directly shipped to export destinations or is stored for a short period in the warehouses. Few of them use cold stores for longer storage of the production.

The survey encompassed 10 packers/exporters (see annex 1) out of which only two are specialized in trading with table grapes (Peca komerc and Kav komerc), both of them having cold storage facilities. The rest of the interviewed companies trade with various agricultural and food products[6] and only two of them have cold stores that could be used by other companies on service basis (Altra and Euromilk) for storing of the table grapes.

Table 14: Table grapes purchased by the interviewed packers/exporters in 2007

White varieties	**Quantity in tons**	**In %**
Afus ali	2,625	37.75
Victoria	145	2.09
Muscat Italia	447	6.43
Michel Pallieri	304	4.37
White winter	560	8.05
Melnik & Queen	8	0.11
Subtotal:	4,089	58.8
Red varieties	**Quantity in tons**	**In %**
Muscat Hamburg	531	7.64
Cardinal	873	12.55
Ribier	1,182	16.99
Moldavia	279	4.01
Subtotal:	2,865	41.20
Grand total	6,954	100

Source: Own research 2008

The table from above indicates that only 10 exporters purchased and exported 6,954 tons of table grapes which is equal to 55 % of the total table grapes exports in 2007, as presented in the table below:

[6] Informally, companies that handle 2,000 tons or more of agricultural products are regarded as large traders and they operate mainly as exporters. Domestic sales and distribution is mainly organized by trading companies that handle less quantity.

Table 15: Number of exporters of table grapes in 2007

Number of companies	Quantity in tons	In %
Top 10 exporters	6,954	55
Other exporters (74)	5,676	45
Total (84):	12,630	100

Source: Own research 2008

Traders and exporters of table grapes from Macedonia operate mainly on regional markets. Therefore, not all of them have implemented or have obtained appropriate food safety/food quality certificates. This could act as serious impediment for further exports of the table grapes, because even regional markets are becoming much stricter in regards to the requirements related to food standards and consumer protection.

Table 16: Implemented food related standards by interviewed table grape exporters

Global Gap		HACCP		ISO 22 000	
Implemented	Certified	Implemented	Certified	Implemented	Certified
1	1	3	0	1	0

Source: Own research 2008

According to the exporters, the main reasons that impede the further development of the table grape industry and thus reduce its export potential are:

- Poor agricultural practices, application of new production technologies (6 answers)
- Post harvest handling (6 answers)
- Lack of working capital and cooperation with the banks (4 answers)
- Lack of markets (6 answers)
- Lack of quantities (1 answers)

4.7 Export of the Macedonian table grapes

The Macedonian table grape is exported mainly on regional markets. The overall export in 2007 reached the amount of 12,630 tons which is similar to the export from 2006, but considerably less than quantities that were exported in 2005, as presented in the following table:

Table 17: Export of table grapes from Macedonia 2005-2007

Year: 2005	**Quantity (in '000 t.)**	**Quantity (In %)**	**Value (in Mil. €)**	**Value (in %)**
Total export:	15.65	100	4.20	100
Serbia and Montenegro	13.49	86.2	3.69	87.86
Romania	0.74	4.73	0.12	2.86
Croatia	0.44	2.81	0.12	2.86
Other	0.98	6.26	0.27	6.43
Year: 2006	**Quantity (in '000 t.)**	**Quantity (In %)**	**Value (in Mil. €)**	**Value (in %)**
Total export:	12.45	100	3.76	100
Serbia and Montenegro	10.26	82.45	3.35	89.02
Romania	1.16	9.29	0.11	2.87
Albania	0.24	1.91	0.09	2.47
Other	0.79	6.36	0.21	5.63
Year: 2007	**Quantity (in '000 t.)**	**Quantity (In %)**	**Value (in Mil. €)**	**Value (in %)**
Total export:	12.63	100	4.32	100
Serbia	8.64	68.38	3.33	77.14
Romania	1.71	13.55	0.34	7.98
Croatia	1.04	8.27	0.31	7.27
Other	1.24	9.80	0.33	7.61

Source: SSO, own research 2008

On average, table grapes exported from Macedonia are regarded as products with lower value in comparison to other imported table grapes (Spain, Italy etc.), mainly due to poor packaging and post harvest treatment (sorting, grading). The average value of the exported table grapes from Macedonia for the period 2005-2007 is provided below:

Table 18: Average values of the exported table grapes 2005-2007

Year	**Total export (in '000 t.)**	**Value (in Mil. €)**	**Average Price per ton in Euro**
2005	15,65	5,10	326,21
2006	12,45	3,76	301,79
2007	12,63	4,32	341,77

Source: SSO, own research 2008

Detailed statistics related to the export of the table grapes from Macedonia for the period 2005-2007 are attached to this report as annex 2.

4.8 SWOT analysis of the table grapes industry

STRENGTHS:

- Macedonia has an old table and wine grape growing tradition combined with good climatic conditions.
- Around 25,000 ha are currently planted. Total potential vineyard land is around 40,000 ha.
- Cost of labour is low.
- New plantations are done using modern viticulture practices.
- 70% of the vineyard is owned by individual agricultural holdings.
- Grape production has been stable over the last 10 years: around 250,000 tons with exception of 2007 and previously 2002 when the climatic conditions were extremely unfavourable.
- The Government is financially supporting the plantation of new vineyards.
- Traditional export on regional markets.

WEAKNESSES:

- More than 61% of the vineyard is older than 15 years.
- Low newly planted area (around 2% per year).
- High cost for planting: 11,000 $ US per hectare for the first three years.
- Old mechanisation preventing improvement in vineyard management.
- Unfavourable credit rates and absence of collaterals particularly for individual households.
- No long term agreement between primary producers and buyers.
- Small vineyards in the individual sector (average of 0.35 ha per household).
- Absence of domestically produced high quality planting material (nurseries).
- Cadastre system is still not implemented nationally.
- Traditional (old) varieties dominate the production of the table grapes.
- Lack of relevant market research reports and related information.

THREATS:

- Unreliable data especially in regards to table grapes production.
- Expansion of the production without being supported by reliable export marketing strategy.
- Strong penetration of table grapes from other countries on traditional markets for Macedonian table grapes.
- Difficulties for acceptance of new (in particular seedless) table grapes varieties by the agricultural households.

OPPORTUNITIES:

- Climatic conditions and existing table grapes varieties still well perceived by the foreign buyers.
- Introduction of new internationally demanded table grapes varieties.
- Potential to export on other markets, such as EU due to favourable trading regime.
- Improvements in the post harvest, especially sorting, grading and packaging.
- Strengthening of the value chain stakeholders through export promotion support, training etc.
- New investments in the table grapes industry, especially via IPARD program.

5. FINAL REMARKS AND RECOMMENDATIONS

1. Although the Macedonian table grape industry is less developed than vine grapes production, it is still an important export oriented business activity with continuous export related volumes and values. Yet, due to old production and post harvest practices the traditional export is endangered by well packed and better marketed table grapes coming from other countries (Spain, Italy, Israel, France). Therefore, improvements and investments in new plantations and post harvest operations will be necessary in order Macedonian table grape industry to maintain and further improve its competitiveness.

2. Agricultural households have majority of vineyards, but the average size of vineyard per household is very small. Because of that, it is very hard to introduce new production techniques that will aim to improve the overall situation. Therefore, possibilities for enlargement of the vineyards must be carefully reviewed by the national authorities. Also, farmers in general lack training, awareness about new post harvest techniques and possibilities to obtain financial resources (loans) from the banks and other financial institutions.

3. Contract farming is still not well organized in the country, which prevents exporters to plan and execute their export sales plans in timely manner. As a result, export prices for the Macedonian table grapes fluctuate heavily during the season (even on daily basis) due to demand and supply variations on the regional markets.

4. Table grape stakeholders continuously suffer from lack of relevant export marketing information and reports. Understanding the export markets important for the Macedonian table grapes and gathering and distribution of relevant marketing data will increase the awareness among the domestic stakeholders. In addition, it will assist and lead them during the process of deciding what varieties should be promoted and sold on particular target markets.

5. Table grapes industry is poorly organized. There is no association or other organized form of table grape producers, packers and exporters. As a result relevant information for the industry is not communicated or discussed among the stakeholders. They also have very low negotiating power and do not lobby in front of the institutions in an organized way. Therefore, every effort that could lead towards organizing the industry should be adequately supported.

ANNEX 1: Export of the table grapes per country, volume and value 2005-2007

Table: Table grapes exports in 2005

Country	Amount in KG	Value in $ US	Value in Euro
Serbia and Montenegro	13.489.117	4.478.631	3.687.510
Croatia	436.586	151.056	123.094
Romania	736.738	144.455	119.776
Albania	229.423	108.884	85.872
Bosnia and Herzegovina	401.000	82.548	67.828
Russia	72.448	33.127	26.976
Byelorussia	92.763	31.897	26.311
Bulgaria	78.812	25.783	21.224
Hungary	38.321	13.759	11.504
Czech republic	23.373	13.066	10.615
Sweden	20.808	9.530	7.622
Greece	11.825	6.354	5.118
Ukraine	8.090	2.915	2.427
Germany	5.133	2.017	1.609
NATO	709	504	418
Kenya	3.200	167	140
Grand Total	15.648.345	5.104.693	4.198.044

Table: Table grapes exports in 2006

Country	Amount in KG	Value in $ US	Value in Euro
Serbia and Montenegro	10.266.995	4.261.939	3.345.783
Romania	1.156.479	136.175	107.715
Albania	237.826	116.414	93.013
Bosnia and Herzegovina	301.326	92.981	73.271
Croatia	268.877	62.641	49.371
Ukraine	18.273	17.446	13.637
Russia	34.246	16.619	13.385
Slovenia	20.580	15.035	11.853
Poland	20.928	13.037	10.125
Lithuania	18.062	9.913	7.816
Hungary	20.382	8.589	6.781
Sweden	17.735	8.264	6.520
Latvia	13.570	7.378	5.879
Germany	11.800	7.144	5.630
Moldavia	36.220	4.919	3.833
Switzerland	4.760	2.654	2.085
Greece	3.571	1.622	1.283
Congo	1.380	350	276
Grand Total	12.453.010	4.783.120	3.758.255

Table: Table grapes exports in 2007

Country	Amount in KG	Value in $ US	Value in Euro
Serbia	8.635.790	4.668.745	3.329.646
Romania	1.711.846	492.780	344.402
Croatia	1.043.891	431.481	313.915
Bosnia and Herzegovina	270.636	135.803	97.203
Montenegro	389.916	108.725	78.961
Albania	151.899	95.573	71.298
Bulgaria	282.334	42.528	30.691
Russia	68.472	31.409	23.430
Poland	37.670	24.317	17.819
Sweden	17.632	7.429	5.410
Byelorussia	16.330	2.027	1.462
Switzerland	2.010	1.719	1.260
Denmark	1.456	1.311	963
Grand Total	12.629.882	6.043.847	4.316.460

ANNEX 2: List of interviewed companies

No.	Company name	Address	Location	Tel.	Fax	E-mail	Web
1	Agro Lozar	s. Hamzali	Strumica	034 375 188	034 375 188	agrohem@mol.com.mk	
2	Suklev Kompani	bul. Gevgelija	Gevgelija	034 211 976			
3	Vardar 03 Gradsko	Skopski pat bb	Gradsko	043 251 007	043 251 007		
4	Panek DOOEL	Angel Vinicki 39	Vinica	033 363 208	033 363 208		
5	Legra Agro	Boris Kidric bb	Gevgelija	034 211 666	034 211 767	contact@pascalin.com.mk	
6	Emita Trejd	Straso Pindzur 73	Kavadarci	043 420 838	043 420 838	sasotasev@emitatrejd.com	www.emitatrejd.com
8	Balkan Timjanik	Dojranska 81	Negotino	043 361 627	043 361 038	rsristovi@yahoo.com	
8	Alijansa	Kiro Krstev 58	Kavadarci	043 410 730	043 410 730	emanuel.tasev@gmail.com	
9	Agro Old Bi	Pitu guli br.2	Kavadarci	043 419 351			
10	Agro tikves	Mosa Pijade bb	Kavadarci	043 414 344	043 414 344	agro.tikves@yahoo.com	
11	Turan	Ivo Lola Ribar br.22	Bogdanci	034 222 162	034 222 162	turan@on.net.mk	www.turan.com.mk
12	Vizba Valandovo	Nikola Karev 6	Valandovo	034 383 880	034 383 881		www.vizbavalandovo.com.mk
13	Venec	Dolni Disan	Negotino	043 369 241	043 369 200	venec@t-home.mk	www.advenec.com.mk
14	GD Tikves	29 Noemvri br.5	Kavadarci	043 412 433	043 412 852	gd_tikves@yahoo.com	www.gd-tikves.com
15	Kav Komerc	Zapaden Bulevar bb	Kavadarci	043 411 227		kavkomerc@yahoo.com	
16	Euromilk KSL	Lisec bb	Skopje	02 2785 361	02 2785 360	g.arnaudov@euromilk.com.mk	www.euromilk.com.mk
17	Peca Komerc	Zapaden Bulevar bb	Kavadarci	043 413 360	043 413 273	pecakomerc@yahoo.com	
18	Altra	Industriska bb	Gevgelija	034 214 384	034 216 258	contact@altra.com.mk	www.altra.com.mk
19	Vivi Prom	Marsal Tito 111	Bogdanci	034 222 678	034 223 378	viviprom@t-home.mk	
20	Dzil Komerc	Goce Delcev br.4	s.Miravci	034 229 046			
21	Safir Promet	Goce Delcev bb	Srtrumica	034 345 284	034 345 287		
22	Badzo DOOEL	Marsal Tito 2/5	Bogdanci	034 221 837	034 223 101	badzot@t-home.mk	
23	Hortena	Braka Miladinovci 17c/2	Strumica	034 326 270			
24	Inter Vardar Sped	ul 28 br.5	Skopje	02 2581 066		intervardar@yahoo.com	